

Message Text

LIMITED OFFICIAL USE

PAGE 01 PRAGUE 02479 301055Z

13

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 IO-13 SAJ-01 /110 W

----- 037649

R 300735Z AUG 76

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 923

INFO RUDKRBZAMEMBASSY BELGRADE 1705

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY KUWAIT

AMEMBASSY MEXICO CITY

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USNATO 896

USEC BRUSSELS

LIMITED OFFICIAL USE PRAGUE 2479 SECTION 1 OF 2

E.O. 11652: N/A

TAGS: EALR, ECIN, CSCE, CZ, XH

SUBJECT: EMBASSY QUERIES MINISTRY OF FOREIGN AFFAIRS ON COUNCIL
FOR MUTUAL ECONOMIC ASSISTANCE (CEMA)

KUWAIT PLS POUCH BAGHDAD

1. SUMMARY: AFTER 5-MONTH WAIT, MFA OFFICIAL AGREED TO
DISCUSS CEMA BUT PROVIDED LITTLE INFORMATION. INTERVIDIH
DID INDICATE MFA SUSPICIONS OF EMBASSY INTEREST IN CEMA
AND NEED FOR EMBASSY PERSEVERANCE IF ITS CONTACTS WITH
CZECHOSLOVAK OFFICIALS ARE TO BE EXPANDED. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PRAGUE 02479 301055Z

2. ON AUG 23, E/C COUNSELOR WAS FINALLY RECEIVED BY A MINISTRY OF FOREIGN AFFAIRS OFFICIAL TO DISCUSS CEM-RELATED TOPICS. EMBASSY HAD ORIGINALLY REQUESTED THE INTERVIEW IN LATE MARCH AND AGAIN IN JULY, BUT THIS WAS FIRST TIME THAT ANY MFA OFFICIAL AGREED TO SEE AN EMBOFF TO DISCUSS CEMA. WE SOUGHT INTERVIEW NOT ONLY TO ELICIT INFORMATION ON THE TOPICS DISCUSSED BUT ALSO TO RE-INFORCE OUR INTEREST IN DIRECT CONTACTS WITH AS MANY CZECHOSLOVAK OFFICIALS AS POSSIBLE. CALL WAS MADE ON ING. FRANTISEK SEZEMSKY, APPARENTLY A JUNIOR OFFICIAL IN MFA'S DEPARTMENT OF INTERNATIONAL ECONOMIC ORGANIZATIONS (HE HAD NO CALLING CARD AND EVIDENTLY NO TITLE). AN OLDER GENTLEMAN, MR. MARUSKA ACTED AS INTERPRETER.

3. E/C COUNSELOR RAISED 9 BROAD TOPICS. INFORMATION DEVELOPED FOLLOWS:

A) ALL CEMA-RELATED MATTERS WITHIN GOC ARE COORDINATED BY SCNX PERSONAL OFFICE OF DEPUTY PRIME MINISTER ROHLICEK. ENTITIES WHICH HAVE AN INTEREST IN CEMA AFFAIRS, SUCH AS MINISTRY OF FOREIGN TRADE, TECHNOLOGY MINISTRY, STATE PLANNING COMMISSION AND MFA, MUST ALL WORK THROUGH ROHLICEK'S OFFICE, WHICH SUPPOSEDLY OVERSEES THE ENTIRE SWEEP OF CZECHOSLOVAK INTRA-CEM RELATIONS. SEZEMSKY EMPHASIZED REPEATEDLY THAT EMBASSY MUST REQUEST ALL CALLS REGARDING CEMA THROUGH MFA'S OFFICE OF DIPLOMATIC PROTOCOL.

B) E/C COUNSELOR MENTIONED THAT RECENT 30TH CEMA SESSION IN BERLIN HAD IDENTIFIED FIVE TARGET AREAS FOR INCREASED INTEGRATION (TRANSPORT; INDUSTRIAL CONSUMER GOODS; ENERGY, FUEL AND RAW MATERIALS; ENGINEERING GOODS; AND AGRICULTURE AND FOOD) AND ASKED WHICH OF THESE AREAS WOULD PARTICULARLY INVOLVE CZECHOSLOVAKIA. THE STIFFLY OFFICIAL RESPONSE WAS THAT ALL CEMA PARTNERS WOULD GIVE EXACTLY EQUAL EMPHASIS TO ALL FIVE TARGET AREAS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PRAGUE 02479 301055Z

C) WHEN ASKED HOW THE 1971 COMPLEX PROGRAM AND THE DECISIONS OF THE 30TH SESSION RELATE TO EACH OTHER, SEZEMSKY SAID THAT GOALS OF COMPLEX PROGRAM HAVE BEEN MET AND THAT DECISIONS OF 30TH SESSION IN EFFECT SUPERSEDE THAT PROGRAM.

D) E/C COUNSELOR ASKED ABOUT INDUSTRIAL COOPERATION AGREEMENTS BETWEEN INDIVIDUAL CEMA

COUNTRIES AND WESTERN ENTERPRISES, AND INQUIRED WHETHER THESE CONTACTS MIGHT BE SEEN TO CONFLICT WITH CEMA EFFORTS TOWARD GREATER INTEGRATION. SEZEMSKY REPLIED THAT SUCH CONTACTS WITH THE WEST ARE NOT ONLY CONSONANT WITH VIEWS OF CEMA'S 30TH SESSION BUT ALSO WITH HELSINKI FINAL ACT AND THUS NO CONFLICT ARISES. E/C COUNSELOR THEN OBSERVED THAT ONE SOVIET ECONOMIC JOURNAL (VAPROSY EKONOMIKI) HAD WARNED ABOUT THE NEED TO COORDINATE ALL SUCH CONTACTS WITH THE WEST TO PRESERVE CEMA SOLIDARITY, TO WHICH SEZEMSKY BLANDLY REPLIED THAT THERE WAS NO INCONSISTENCY BETWEEN WHAT HE HAD JUST SAID AND WHAT THE SOVIET JOURNALIST HAD WRITTEN BECAUSE ALL FIVE-YEAR PLANS OF CEMA COUNTRIES ARE COORDINATED.

E) THE NEXT TOPIC RAISED WAS CEMA'S INABILITY TO SOLVE THE PROBLEMS OF INTRA-BLOC PRICING, LACK OF A CONVERTIBLE CURRENCY AND NEED FOR A MORE RATIONAL MULTILATERAL CLEARING ARRANGEMENT. SEZEMSKY REPLIED THAT THE CEMA COUNTRIES HAVE BEEN WORKING ON THIS PROBLEM FOR A LONG TIME BUT THAT THE 30TH SESSION DIDN'T TAKE IT UP. HE ADDED THAT MFA IS NOT RESPONSIBLE FOR THIS PARTICULAR TECHNICAL ISSUE. IN RESPONSE TO A QUESTION, HE SAID THAT THE MINISTRY OF FINANCE, THE STATE BANK OR MR. ROHLICEK'S OFFICE (HE WASN'T CLEAR ABOUT WHICH) WOULD BE RESPONSIBLE AGENCY.

F) WHEN ASKED ABOUT CEMA EFFORTS TO ESTABLISH SOME SORT OF RELATIONS WITH HTE EEC, SEZEMSKY MENTIONED CEMA'S EARLY 1976 PROPOSAL TO THE COMMISSION AND OBSERVED THSRFNO RESPONSE HAD YET BEEN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 PRAGUE 02479 301055Z

RECEIVED. HE SAID THAT THE CEMA COUNTRIES WANT "NORMALIZATION" WITH THE COMMUNITY, BASED ON NON-DISCRIMINATION AND MFN TREATMENT. IN ADDITION, CEMA COUNTRIES ARE INTERESTED IN COLLABORATION ON ENVIRONMENTAL MATTERS, INDUSTRIAL STANDARDIZATION AND STATISTICAL EXCHANGE: BUT SEZEMSKY EMPHASIZED THAT THE BALL IS IN THE EEC'S COURT.

G) IN RESPONSE TO A QUESTION ABOUT POSSIBLE CEMA BANK FINANCING OF PROJECTS IN CZECHOSLOVAKIA, SEZEMSKY DECLINED TO COMMENT AND REFERRED EMBASSY TO MINISTRY OF FINANCE OR STATE BANK.

H) WHEN ASKED ABOUT CEMA'S PROPOSED TIES WITH

MEXICO AND IRAQ, SEZEMSKY RECITED FAMILIAR HISTORY ABOUT CEMA'S 1973 AGREEMENT WITH FINLAND AND SAID THAT IT WAS TOO EARLY TO DETERMINE ESACTLY WHAT FORM CEMA COOPERATION WITH IRAW AND MEXICO WOULD TAKE.

I) THE LAST QUESTION POSED WAS A REQUEST FOR CLARIFICATION OF THE BASES FOR DIVISION OF LABOR WITHIN THE CEMA COUNTRIES. WHEN SEZEMSKY SEEMED BAFFLED, IT WAS EXPLAINED THAT EMBASSY IS INTERESTED IN KNOWING ON WHAT CRITERIA CEMA AND MEMBERS DETERMINE WHICH PARTICULAR ECONOMIC FIELDS BYRNE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PRAGUE 02479 301041Z

17
ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 IO-13 SAJ-01 /110 W
----- 037556

R 300735Z AUG 76
FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC 924
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY KUWAIT
AMEMBASSY MEXICO CITY
AMEMBASSY MOSCOW
AMEMBASSY SOFIA
W/AMEMBASSY WARSAW 2340
USNATO 897
USEC BRUSSELS 236

LIMITED OFFICIAL USE PRAGUE2479 SECTION 2 OF 2.

WARRANT SPECIALIZATION BY INDIVIDUAL STATES.
SEZEMSKY'S RESPONSE WAS TO REPEAT FOR THE FOURTH OR
FIFTH TIME THAT ALL DECISIONS IN CEMA ARE VOLUNTARY,
THAT FULL SOVEREIGNTY FOR ALL CEMA MEMBERS GUARANT-
EED, ETC. AFTER FURTHER FUZZY VERBIAGE, SEZEMSKY
LEFT THIS QUESTION AS UNANSWERED AS HE HAD SEVERAL
OTHERS.

4. EMBASSY COMMENT: THIS LONG-SOUGHT 75-MINUTE
SESSION PRODUCED NO NEW INFORMATION, EXCEPT AN

INDICATION THAT MFA IS SUSPICIOUS OF OUR INTEREST
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PRAGUE 02479 301041Z

IN CEMA. SEZEMSKY, WHILE PLEASANT AND EARNEST,
WAS CLEARLY UNWILLING IF NOT UNABLE TO DISCUSS
SUBSTANCE OR TO MOUTH ANYTHING BUT STERILE CLICHES
AND PRE-RECORDED ANNOUNCEMENTS. MEETING DID,
HOWEVER, SERVE TO EMPHASIZE TO GOC EMBASSY'S
DETERMINATION TO SEEK DISCUSSIONS OF SUCH TOPICS
WITH RELEVANT CZECHOSLOVAK OFFICIALS. OUR 5-MONTH
WAIT FOR THIS INTERVIEW, WHICH MIGHT HAVE BEEN
LONGER HAD AMBASSADOR HAD NOT PERSONALLY EMPHASIZED
TO SENIOR MFA OFFICIALS OUR DESIRE TO EXPAND CONTACTS
WITH GO.; INDICATES ANEW THAT BROADENING SUCH CON-
TACTS IN APRODUCTIVE WAY WILL REQUIRE PERSEVERANCE.
NEVERTHELESS, EMBASSY WILL PERSIST IN THESE EFFORTS.
BYNRE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, DIPLOMATIC DISCUSSIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PRAGUE02479
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760366-1807
From: PRAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976087/aaaaafgv.tel
Line Count: 256
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by CunninFX>; APPROVED <05 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EMBASSY QUERIES MINISTRY OF FOREIGN AFFAIRS ON COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE (CEMA) KUWAIT PLS
POUCH BAGHDAD
TAGS: EALR, ECIN, CZ, XH, US, CSCE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006